

TAXPAYER PROTECTION ACT**COMPLETE TEXT**

AN ACT Relating to limiting taxes and fees imposed by state government; amending RCW 43.135.034, 29A.72.283, 29A.32.070, 29A.72.290, 43.135.041, and 43.135.033; adding new sections to chapter 43.135 RCW; and creating new sections.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

INTENT

NEW SECTION. **Sec. 1.** The people want to ensure short-term and long-term protection from state tax and fee increases for individuals, families, businesses, and our state's economy.

The people find that accountability and effectiveness are important aspects of setting tax policy. In order to make policy choices, the legislature needs information to evaluate whether the continuation of recently enacted tax increases is in the public interest. This measure concerns state taxes and fees. This measure limits tax and fee increases to one year unless approved by a majority popular vote. This measure also requires annual advisory votes for a 2/3-for-taxes constitutional amendment.

The people want to ensure that tax and fee increases are consistently a last resort.

TIME LIMITS FOR TAX AND FEE INCREASES

NEW SECTION. **Sec. 2.** A new section is added to chapter 43.135

RCW to read as follows:

(1) After January 1, 2016, tax and fee increases are limited to one year unless approved by a majority popular vote.

(2) Once the duration of an increase ends under this section, the department of revenue may not collect revenue from any increase enacted without a majority popular vote.

(3) For the purposes of this chapter, "majority popular vote" means a vote approved with a simple majority vote of the people at an election.

Sec. 3. RCW 43.135.034 and 2015 3rd sp.s. c 44 s 421 are each amended to read as follows:

(1) (a) (~~(Any action or combination of actions by the legislature that raises taxes may be taken only if approved by a two-thirds vote in both the house of representatives and the senate))~~ After January 1, 2016, a tax increase is limited to one year unless approved by a majority popular vote. Pursuant to the referendum power set forth in Article II, section 1(b) of the state Constitution, tax increases of any duration may, by a majority vote of the legislature, be referred to the voters for their approval or rejection at an election. Once the duration of a tax increase ends under this section, the department of revenue may not collect revenue from any tax increase enacted without a majority popular vote.

(b) For the purposes of this chapter, "raises taxes" or "tax increase" means any action or combination of actions by the state legislature that increases state tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the general fund.

(2) (a) If the legislative action under subsection (1) of this section will result in expenditures in excess of the state expenditure limit, then the action of the legislature may not take effect until approved by a vote of the people at a November general election. The state expenditure limit committee must adjust the state expenditure limit by the amount of additional revenue approved by the voters under this section. This adjustment may not exceed the amount of revenue generated by the legislative action during the

first full fiscal year in which it is in effect. The state expenditure limit must be adjusted downward upon expiration or repeal of the legislative action.

(b) The ballot title for any vote of the people required under this section must be substantially as follows:

"Shall taxes be imposed on in order to allow a spending increase above last year's authorized spending adjusted for personal income growth?"

(3) (a) The state expenditure limit may be exceeded upon declaration of an emergency for a period not to exceed twenty-four months by a law approved by a two-thirds vote of each house of the legislature and signed by the governor. The law must set forth the nature of the emergency, which is limited to natural disasters that require immediate government action to alleviate human suffering and provide humanitarian assistance. The state expenditure limit may be exceeded for no more than twenty-four months following the declaration of the emergency and only for the purposes contained in the emergency declaration.

(b) Additional taxes required for an emergency under this section may be imposed only until thirty days following the next general election, unless an extension is approved at that general election. The additional taxes expire upon expiration of the declaration of emergency. The legislature may not impose additional taxes for emergency purposes under this subsection unless funds in the education construction fund have been exhausted.

(c) The state or any political subdivision of the state may not impose any tax on intangible property listed in RCW 84.36.070 as that statute exists on January 1, 1993.

(4) If the cost of any state program or function is shifted from the state general fund to another source of funding, or if moneys are transferred from the state general fund to another fund or account, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), must lower the state expenditure limit to reflect the shift. For the purposes of this section, a transfer of money

from the state general fund to another fund or account includes any state legislative action taken that has the effect of reducing revenues from a particular source, where such revenues would otherwise be deposited into the state general fund, while increasing the revenues from that particular source to another state or local government account. This subsection does not apply to: (a) The dedication or use of lottery revenues under RCW 67.70.240(1)(c), in support of education or education expenditures; (b) a transfer of moneys to, or an expenditure from, the budget stabilization account; or (c) a transfer of money to, or an expenditure from, the connecting Washington account established in RCW 46.68.395.

(5) If the cost of any state program or function and the ongoing revenue necessary to fund the program or function are shifted to the state general fund on or after January 1, 2007, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), must increase the state expenditure limit to reflect the shift unless the shifted revenue had previously been shifted from the general fund.

**ADVISORY VOTES ON A CONSTITUTIONAL AMENDMENT REQUIRING
TWO-THIRDS LEGISLATIVE APPROVAL OR VOTER APPROVAL FOR TAX INCREASES**

NEW SECTION. **Sec. 4.** A new section is added to chapter 43.135 RCW to read as follows:

(1) A measure for an advisory vote of the people on a constitutional amendment requiring two-thirds legislative approval or voter approval for tax increases is required and must be placed on each general election ballot under this chapter.

(2) No later than the first of August, the attorney general will send written notice to the secretary of state that an advisory vote of the people on a constitutional amendment is required. Within five days of receiving such written notice from the attorney general, the secretary of state will assign a serial number for a measure for an advisory vote of the people on a constitutional amendment and transmit one copy of the measure bearing its serial

number to the attorney general as required by RCW 29A.72.040. Saturdays, Sundays, and legal holidays are not counted in calculating the time limits in this subsection.

Sec. 5. RCW 29A.72.283 and 2008 c 1 s 8 are each amended to read as follows:

(1) Within five days of receipt of a measure for an advisory vote of the people from the secretary of state under RCW 29A.72.040 the attorney general shall formulate a short description ((not exceeding thirty-three words and)), not subject to appeal, of each tax increase and the advisory vote on a constitutional amendment under section 4 of this act and shall transmit a certified copy of such short description meeting the requirements of this section to the secretary of state.

(a) The description for an advisory vote on a tax increase must be formulated and displayed on the ballot ~~((substantially))~~ exactly as follows:

"The legislature imposed, without a vote of the people, a tax increase on ~~((identification of tax and))~~ description of ~~((increase))~~ what will be taxed, costing (most up-to-date ten-year cost projection, expressed in dollars and rounded to the nearest million) in its first ten years, for government spending. This tax increase should be:

Repealed . . . []
Maintained . . . []"

(b) The description for the advisory vote on a constitutional amendment under section 4 of this act must be formulated and displayed on the ballot exactly as follows:

"Do you support or oppose having the legislature refer to a vote of the people a constitutional amendment requiring two-thirds legislative approval or voter approval for tax increases?"

Support letting the people vote . . . []
Oppose letting the people vote . . . []"

(2) Saturdays, Sundays, and legal holidays are not counted in calculating the time limits in this section. (~~The words "This tax increase should be: Repealed . . . [] Maintained . . . []" are not counted in the thirty-three word limit for a short description under this section.~~)

(3) For the purposes of this section, "tax increase" has the same meaning as provided in RCW 43.135.033.

Sec. 6. RCW 29A.32.070 (Format, layout, contents) and 2009 c 415 s 5 are each amended to read as follows:

The secretary of state shall determine the format and layout of the voters' pamphlet published under RCW 29A.32.010. The secretary of state shall print the pamphlet in clear, readable type on a size, quality, and weight of paper that in the judgment of the secretary of state best serves the voters. The pamphlet must contain a table of contents. Measures and arguments must be printed in the order specified by RCW 29A.72.290.

The voters' pamphlet must provide the following information for each statewide issue on the ballot except measures for an advisory vote of the people whose requirements are provided in subsections (11) and (12) of this section:

(1) The legal identification of the measure by serial designation or number;

(2) The official ballot title of the measure;

(3) A statement prepared by the attorney general explaining the law as it presently exists;

(4) A statement prepared by the attorney general explaining the effect of the proposed measure if it becomes law;

(5) The fiscal impact statement prepared under RCW 29A.72.025;

(6) The total number of votes cast for and against the measure in the senate and house of representatives, if the measure has been

passed by the legislature;

(7) An argument advocating the voters' approval of the measure together with any statement in rebuttal of the opposing argument;

(8) An argument advocating the voters' rejection of the measure together with any statement in rebuttal of the opposing argument;

(9) Each argument or rebuttal statement must be followed by the names of the committee members who submitted them, and may be followed by a telephone number that citizens may call to obtain information on the ballot measure;

(10) The full text of the measure;

(11) Two pages (front and back of one page and front and back of a second page) shall be provided in the general election voters' pamphlet for each measure for an advisory vote of the people under RCW 43.135.041 and shall consist of the serial number assigned by the secretary of state under RCW 29A.72.040, the short description formulated by the attorney general under RCW 29A.72.283, the tax increase's most up-to-date ten-year cost projection, including a year-by-year breakdown, by the office of financial management under RCW 43.135.031, and the names of the legislators, and their contact information, and how they voted on the increase upon final passage so they can provide information to, and answer questions from, the public. For the purposes of this subsection, "names of legislators, and their contact information" includes each legislator's position (senator or representative), first name, last name, party affiliation (for example, Democrat or Republican), city or town they live in, office phone number, and office email address.

(12) The front of one page must be provided in the general election voters' pamphlet for each measure for an advisory vote of the people on a constitutional amendment under section 4 of this act and must consist only of the serial number assigned by the secretary of state under RCW 29A.72.040, the short description formulated by the attorney general under RCW 29A.72.283, and the following:

"Over the past 20+ years, the voters of Washington have repeatedly and overwhelmingly passed initiatives requiring two-thirds legislative approval or voter approval for tax increases.

Despite this clear message from the people, the legislature has repeatedly refused to give the voters the opportunity to vote on a 2/3 for taxes constitutional amendment. Then, in 2015, the voters approved Initiative 1366 that made it clear the people wanted the opportunity to vote on a 2/3 for taxes constitutional amendment mirroring voter-approved Initiatives 960, 1053, and 1185. Even so, the legislature again blocked the people from voting on it.

It is long overdue for the legislature to give the voters the chance to decide, once and for all, on a 2/3 for taxes constitutional amendment mirroring voter-approved Initiatives 960, 1053, and 1185."

Sec. 7. RCW 29A.72.290 (Printing ballot titles and short descriptions on ballots—Separate headings) and 2013 c 11 s 76 are each amended to read as follows:

The county auditor of each county shall print on the official ballots for the election at which initiative and referendum measures and measures for an advisory vote of the people are to be submitted to the people for their approval or rejection, the serial numbers and ballot titles certified by the secretary of state and the serial numbers and short descriptions of measures for an advisory vote of the people. They must appear under separate headings in the order of the serial numbers as follows:

(1) Advisory vote on a constitutional amendment under section 4 of this act and RCW 29A.72.283;

~~((1))~~ (2) Initiatives to the people;

~~((2))~~ (3) Referendum measures;

~~((3))~~ (4) Referendum bills;

~~((4))~~ (5) Initiatives to the legislature;

~~((5))~~ (6) Initiatives to the legislature and legislative alternatives;

~~((6))~~ (7) Advisory votes on tax increases under RCW 43.135.041;

~~((7))~~ (8) Proposed constitutional amendments.

STATUTORY REFERENCE UPDATES

Sec. 8. RCW 43.135.041 (Tax legislation – Advisory vote – Duties of the attorney general and secretary of state – Exemption) and 2013 c 1 s 6 are each amended to read as follows:

(1) (a) After July 1, 2011, if (~~((legislative action raising taxes as defined by RCW 43.135.033))~~) a tax increase is blocked from a public vote or is not referred to the people by a referendum petition found to be sufficient under RCW 29A.72.250, a measure for an advisory vote of the people is required and shall be placed on the next general election ballot under this chapter.

(b) If (~~((legislative action raising taxes))~~) a tax increase enacted after July 1, 2011, involves more than one revenue source, each tax being increased shall be subject to a separate measure for an advisory vote of the people under the requirements of this chapter.

(2) No later than the first of August, the attorney general will send written notice to the secretary of state of any tax increase that is subject to an advisory vote of the people, under the provisions and exceptions provided by this chapter. Within five days of receiving such written notice from the attorney general, the secretary of state will assign a serial number for a measure for an advisory vote of the people and transmit one copy of the measure bearing its serial number to the attorney general as required by RCW 29A.72.040, for any tax increase identified by the attorney general as needing an advisory vote of the people for that year's general election ballot. Saturdays, Sundays, and legal holidays are not counted in calculating the time limits in this subsection.

(3) For the purposes of this section, "blocked from a public vote" includes adding an emergency clause to a bill increasing taxes, bonding or contractually obligating taxes, or otherwise preventing a referendum on a bill increasing taxes.

(4) If (~~((legislative action raising taxes))~~) a tax increase is referred to the people by the legislature or is included in an initiative to the people found to be sufficient under RCW

29A.72.250, then the tax increase is exempt from an advisory vote of the people under this chapter.

Sec. 9. RCW 43.135.033 ("Raises taxes" defined) and 2016 c 1 s 6 (Initiative Measure No. 1366, approved November 3, 2015) are each amended to read as follows:

For the purposes of this chapter, "raises taxes" or "tax increase" means any action or combination of actions by the state legislature that increases state tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the general fund.

CONSTRUCTION CLAUSE

NEW SECTION. **Sec. 10.** The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act.

SEVERABILITY CLAUSE

NEW SECTION. **Sec. 11.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

TITLE OF THE ACT

NEW SECTION. **Sec. 12.** This act is known and may be cited as the "Taxpayer Protection Act."

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